

UTILITY CONSUMER PARTICIPATION BOARD

February 7, 2011

MINUTES

A meeting of the Utility Consumer Participation Board was held Monday, February 7, 2011 in the Ottawa Building, 4th Floor Training Room, Lansing, Michigan.

I. Call to Order

Alexander Isaac called the meeting to order at 1:15 p.m. Board members present: Alexander Isaac; Conan Smith; and Sister Monica Kostielney. Members absent: Marc Shulman and Harry M. Trebing. Others present: Michelle Wilsey, Board Assistant; David Shaltz, Residential Ratepayer Consortium; Chris Bzdok, Michigan Environmental Council; Don Keskey, Public Interest Research Group in Michigan and Michigan Community Action Agency Association; John Liskey, Citizens Against Rate Excess; James Ault, Michigan Electric & Gas Association; Shawn Worden, DELEG Finance; and Wes VanMalsen, DELEG Purchasing and Grant Services; Lori Penn, Court Reporter.

II. Consent Agenda

The consent agenda was accepted with the removal of the minutes.

Kostielney moved, second by Smith and motion carried to pass the minutes with the following correction: under Section C dealing with the MCAAA Budget Amendment Request, second paragraph, the figure of \$6,767 changed to \$19,291.

III. New Business

A. MEC Amendment Request UCRF 10-2

Wilsey explained that the budget amendment request involved a transfer of funds to reallocate a portion of the remaining CEC/DECO renewable energy wind facilities depreciation case funds to increase the funding for Consumers Energy 2009 PSCR reconciliation case. The total authorized budget remains unchanged. Bzdok explained that MEC initially was awarded a legal budget for the case of \$8,000 and also an expert budget that was sufficient to meet our needs. The case has proceeded through discovery, through the hearing, and are beginning the briefing stage now. MEC primarily plans to focus on Consumers coal purchasing strategies in the face of dropping coal prices and dispatch issues of coal v. natural gas plants and the dispatch of the two old, expensive, most expensive coal plants to dispatch versus energy purchased from the market. MEC also plans to support substantive issues about biomass merchant plants and their recovery of excess costs under Public Act 286, brought by the attorney general. This is the first time those issues are being litigated.

Bzdok noted that while Consumers has recently filed the wind facilities depreciation case, MEC feels the remaining resources are sufficient to participate in the case.

Smith moved, second by Kostielney and motion carried to approve MEC grant amendment request to UCRF 10-02 to transfer \$12,120 from the approved budget for the funding from CEC/DECO Wind Energy Facilities Depreciation case to the CECO 2009 PSCR Reconciliation case as follows:

Approved Budget CECO U-15675-R 2009 PSCR-R Case \$18,180 (\$ 8,000 legal, 10,000 expert, 180 admin)

Amendment Transfer Request 2/7/2011 \$12,120 (\$ 10,000 legal, 2,000 expert, 120 admin)

Total Amended Budget \$ 30,300 (\$ 18,000 legal, 12,000 expert, 300 admin)

Approved Budget CECo/DECo RE Wind Cases \$40,400 (\$ 10,000 legal, 30,000 expert, 400 admin)

Amendment Transfer Request 2/7/2011 -\$12,120 (\$ -10,000 legal, -2,000 expert, 120 admin)

Total Amended Budget \$28,280 (\$ 0.000 legal, 28,000 expert, 280 admin)

B. MEC Budget Amendment Request

Wilsey noted that this budget amendment is to add a new case U-16543 CECo RE Plan Amendment to UCRF 10-02 and to transfer \$18,180 from the wind depreciation cases (UCRF 10-02) to establish a budget for the new case U-16543.

Bzdok explained that MEC is seeking an amendment to transfer funds in the amount of \$18,180 from the Wind Facilities Depreciation case for work in a CECo Renewable Energy amendment plan energy case. This case was filed unexpectedly in advance of the biennial review case. The MEC has participated extensively in the surcharge issues and plans to continue to be involved in the related cost issues as they arise in cases. Bzdok explained that since DELEG discourages the using of grants from two different years or two different sets of grants for they are only making a request for the initial phase. After that grant closes out, they may come back with a request to transfer some additional funds. MEC will have more information about which of the wind cost and price issues are involved in which of these three cases, the depreciation, the plan amendment and the biennial review, at the meeting in April. Smith asked if the resources for the wind depreciation case remain sufficient after this transfer? Bzdok noted that based on a preliminary review of the application on the depreciation case, the numbers were much closer to what the MEC expert was talking about in the original plan case than what the Company had proffered. So that at least appears moving in the direction that my expert had indicated it should move. If there are issues that merit additional attention in the depreciation case, MEC may come back in April asking to move some from the funds from the biennial review to the depreciation for example.

Smith moved, second by Kostielney and motion carried to approve MEC grant amendment to request in the total amount of \$18,180 as follows:

UCRF 10-02

Approved Budget CECo/DECo RE Wind Cases \$40,400 (\$ 10,000 legal, 30,000 expert, 400 admin)

Approved Amend Transfer 2/7/2011 -\$12,120(\$ -10,000 legal, -2,000 expert, 120 admin)

Amendment Transfer Request 2/7/2011 (U-16543) -18,180

Total Remaining Budget \$10,100 (\$ 0.000 legal, 28,000 expert, 280 admin)

VI. Old Business –None.

VII. Public Comment

Wilsey noted the change in DELEG staff working with the UCPB. Shawn Worden is replacing Teri Eklund with DELEG Finance.

Sister Monica asked if anyone had spoken with the new Governor. Conan Smith reported that he had met with the new governor. A variety of issues including labor, economic development and DELEG restructuring were discussed. His impression was that they were keenly interested in energy issues and that their interest would remain well into the future. Shaltz noted that he was impressed with their rhetoric regarding value for dollars. He felt that sharing information on the value for dollars of this board would support continuation and strengthening of the UCRF. Wilsey noted that she had information that the new person in charge of the governor's appointments, Norman J. Saari, was aware of the UCPB and that appointments would continue unless changes needed to be made. Suggestions from the board were welcome. James Ault noted that Mr. Saari worked in the governmental affairs office for Consumers for quite a while, so he was a lobbyist for them, and then he went to their D.C. office for a stint there, too. So he's probably pretty familiar with, you know, the energy issues and the industry structure. Keskey commented on the opportunities presented by energy efficiency for energy strategy and statewide economic benefit. He also commented on the default by the federal government in its contract to dispose of spent nuclear fuel and the need to protect Michigan ratepayers and citizens in light of this failed repository program.

James Ault commented on the issues confronted by the industry and issues that might come up before the board. Wilsey noted that many of the costs from the issues outlined by Ault were recovered through the PSCR and GCR process. Sister Monica noted that she appreciates the information provided by participants.

VIII. Next meeting

- A. The next regular meeting of the UCPB is scheduled Monday, April 11, 2011, 1:00 p.m.

IX. Adjournment – Meeting adjourned at 1:44 p.m.